SAN FRANCISCO (Calif.)
CHRONICLE
M. 225,429
S. 276,478
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Date: JUL 21 1959

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BUSINESS TRENDS

By Sidney P. Allen
Financial Editor

Stanford Keynoter

ROBERT C. SPRAGUE proved a first-rate choice as keynote speaker for the Eighteenth Stanford Business Conference, which opened "down on the farm" yesterday.

Sprague is not a specialist.

He is one part successful manufacturer, as chairman of Sprague Electric Co. He is one part banker-businessman, as chairman of the board of the Federal Reserve Bank of Boston. And he is one part Government servant, taking on assignments when called.

He is in position, then, to look at our economy objectively. And to raise all the questions that should be raised by a thinking man for the scrutiny of the 400 executives attending the summer Stanford skull session.

Sprague did more than simply raise questions. He suggested a few rather pertinent answers of his own in the process.

As might be expected from a gentleman from Boston, Sprague aimed some of his strongest licks at "inflationists"—people who advocate a "little bit" of inflation as an economic stimulus.

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MONEY and prices, said Sprague, are the keystone of our economic system. As either producer or consumer, our assumption is basic that money will be as useful next year as it is this.

If we did not make that assumption, but accepted the doctrine of "a little inflation," we'd all be more anxious to spend our money, would prefer to hold anything but money or fixed-income securities.

... inflation effects would be magnified, our Federal ... making would be disrupted, our interest rates would ... and all skilled artisans or theoretical physicists ... be forced to hire investment advisers or stock market ... to maintain their incomes.

"... fundamental quarrel with inflation," said Sprague, ... Beyond this, the end of the inflation ... likely to lead to contraction of business ...

... led Sprague into discussion of monetary ... with particular emphasis on the need ... independence of our Federal Reserve ...

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KEYNOTER Sprague touched on many another titillating topic in his talk on "Economic Growth—Some Critical Questions."

For instance, he did not neglect "the most important problem of our time"—America's race with Communism.

Using estimates of Allen Dulles, chief of our Central Intelligence Agency, that Russian industrial output is growing at a rate of 9½ per cent a year to our 3.6 per cent, Sprague said it would take only 18 years for Russian output to equal ours.

But, of course, there are plenty of collateral questions. The Russian rate of growth is being gained at the expense of the standard of living and freedom of millions of ... Is it sustainable, and is it a target that might entice ... countries?

... turned his attention to our foreign policy ... must guard against any strong drift ...

... the commercial, too, by pin... business can play in pro...

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DURING the afternoon, J. Burke Knapp, vice president of the World Bank, discussed "The Threat of Inflation in the Undeveloped World."

He, too, leveled at the dangers of a little inflation. Most countries have by now had their bout of inflation, he said. And most know the meaning of "destructive inflationary disorders."

"Governments no longer embrace inflationary policies," he said, "but they still succumb to them."

And usually it's because a deficit is financed by creation of new money, he warned.